

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

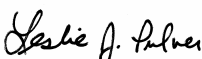
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Bloomfield Township Public Library

Financial Report
with Supplemental Information
March 31, 2007

Bloomfield Township Public Library

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Independent Auditor's Report

To the Board of Directors
Bloomfield Township Public Library

We have audited the accompanying financial statements of governmental activities and each major fund of Bloomfield Township Public Library (a component unit of the Charter Township of Bloomfield) as of and for the year ended March 31, 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bloomfield Township Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of Bloomfield Township Public Library as of and for the year ended March 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

June 14, 2007



Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

Using This Annual Financial Report

This annual report consists of three parts:

- Library management's discussion and analysis (MD&A)
- Basic financial statements, audited by Plante & Moran, PLLC
- Supplemental Information

The MD&A is intended to serve as an overview analysis of the financial condition and operating results of the Library.

Please direct questions regarding this report to:

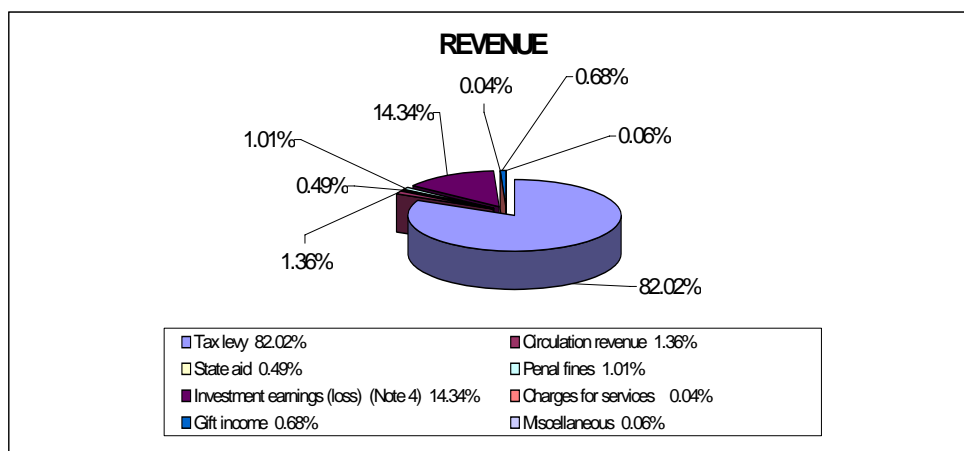
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Bloomfield Township Public Library
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Bloomfield Township Public Library

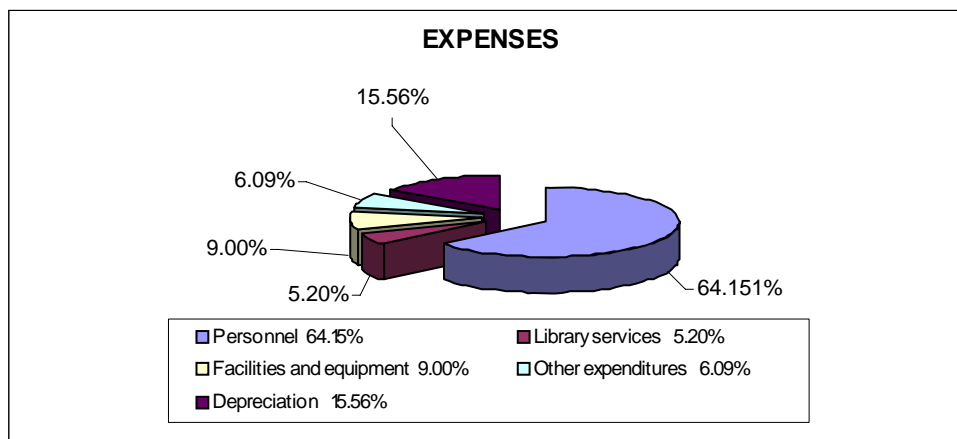
Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

The Library as a Whole

Unlike the prior year (2005-2006), there was a substantial increase in the library's net assets attributable to furniture and fixtures purchased for the completion and occupancy of staff areas in our Library Improvements Project. The overall increase in Revenue was due to more penal fines received than anticipated, more circulation revenue than anticipated and greater investments earnings than anticipated. The major components of revenue and expenses are described below.



The library's primary source of revenue (82.02 percent) is property taxes, as shown in the chart above, as audited March 31, 2007.



Salaries and fringes continue to be a major expense for the Library as shown in the chart above, as audited March 31, 2007.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

In light of the extensive impact of construction, each vacancy of a personnel position was thoroughly reviewed as it occurred through attrition and justified prior to hiring a replacement to fill the vacancy. This review process evaluated the changing circumstances of the Library during its renovation and expansion activity and any impact on staffing. As a result, a 20-hour Adult Services librarian vacancy is temporarily being filled with substitute librarian hours, as is a 20-hour Youth Services librarian vacancy and one 30-hour Administrative Services' clerk position. However, in anticipation of newly expanded spaces being opened and the Computer Center opening, a second Facility Services monitor position (10 hours per week) was reinstated. The Systems Department staffing increased one 20-hour Systems Assistant position to 30-hours per week and an additional 20-hour Systems Technician position was added. This latter position, unfortunately remains unfilled due in large part to the current climate for Technology professionals—while there are more positions and more candidates, part-time positions are less desirable and less likely to be filled.

The proficiency level salary/wage schedule was adjusted 3% across classifications and levels to reflect the current wage comparisons, consistent with the Trustees' compensation philosophy. Employees who have reached the final proficiency level of their classification, received merit awards which averaged 2.5%.

No new benefits were offered staff in 2006-2007. Trustee-initiated discussion of possibly adding dental and optical coverage for retirees was suspended in light of the increasing costs of benefits for currently employed staff. Health insurance, offered only to full-time employees, continued to increase in cost (2%), consistent with continuing increases in the health insurance industry.

Again this year, reflective of the reduction in building space during renovation and construction, there were no increases in most materials budgets. Emphasis in collection development continues to be placed on the provision of electronic services—a form of collection which does not consume space on the Library's (temporarily reduced) shelves. A change in policy, now permitting holds to be placed on video materials, required an increase in that budget item to continue to provide an acceptable number of copies of individual items to meet library user demand. Book budgets were held or reduced (in the case of the Youth Services book budget, a 45% reduction) in response to lack of space. A gift of the Friends of the Bloomfield Township Public Library has provided an opportunity to create "Opening Day Collections" for both the Adult Services and Youth Services collections. These items expand the holding of the Library and permit the Library to maintain its depth of collection even while there is insufficient space to shelve the items in the public area. The purchases are received, processed, and then stored, to be brought out when each of those collections is opened.

Another area of anticipated substantial increase—72.8%--was found in the "Facility and Equipment" functional category, primarily due to the anticipated expenditures for the equipping of the new Computer Center (the "Information Commons" in the 2005-2006 MD&A). The

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

opening of this space has been delayed to the 2007-2008 fiscal year. Fiscal year 2006-2007 continued the philosophy of inclusion of all operating-type expenditures in the General Fund budget, rather than some paid from the Improvement and Revolving Fund and some from the General Fund. These expenditures, typically for equipment and building improvements, are also incorporated to some extent in the Construction Fund as renovations and the equipping of the expanded library, consistent with the bond plan.

The functional category of "Other Operating Expenditures" continues to address the library's legal costs to respond to litigation by a resident of the City of Bloomfield Hills, as well as the cost of the Library's continued use of Marchesano and Associates for Owner's Representation services on the Library Improvements Project. Although no transfer-out to the Improvement & Revolving Fund was originally planned for 2006-2007, the delay of the equipping of the Computer Center resulted in a substantial transfer-out. Coupled with reductions in other expenditures, the fund balance increase required for 2007-2008 is not as great as what could have been necessary.

The Library's Funds

The budgetary analysis of three of the four library funds - General Fund, Improvement and Revolving Fund, and Gift Fund, but not the Construction Fund - is included on pages 27-29. Page 27 shows the General Fund, the Library's major operating fund, including revenues and expenditures, excess of revenue over expenditures, and fund balance.

The actual excess of revenue over expenditures (before operating transfers) of the General Fund was \$1,238,772, as compared to \$868,943 in the prior year. Particular effort has been made again in 2006-2007 to address fund balance and to assure coverage of the library's necessary expenditures in advance of receipt of the largest portion of revenue—property taxes, which are not received until ten months into the fiscal year. This, coupled with the inclusion of all operating-type expenditures in the General Fund, through budget amendments during the year, and the delay of the anticipated costs of equipping the new spaces from 2006-2007 to 2007-2008 resulted in substantially more excess revenue than the prior year.

As noted above, the largest use of resources during the 2006-2007 fiscal year continues to be for personnel—salaries and fringe benefits. This is typical of service organizations that are open to the public seven days a week, year round.

Pages 28-29 show budgetary analysis of the Improvement and Revolving Fund (I&R) and the Gift Fund. The I&R Fund shows a fund balance of \$3,000,016, an increase of \$773,379. The reason for this increase is largely due to a transfer made from the General Fund of \$692,218. The remainder of the increase is largely due to investment earnings.

The Gift Fund shows an increased fund balance, as gifts are being held as requested by the

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

donors to be used for furnishings and equipment in the renovated and expanded library. The fund balance at the close of the fiscal year shows \$184,409 in reserved fund balance and \$63,902 in unreserved fund balance. Several substantial gifts of \$2,000 to \$40,000 are expected to be used at the conclusion of the renovation and expansion in 2008.

Library's Budgetary Highlights

Over the course of the year, the library Board of Trustees amended the four funds' budgets to address unplanned needs and events that occurred during the year. The most significant amendments occurred in contributions and donations, which cannot be anticipated, to the Gift Fund.

The General Fund saw increases over the anticipated, budgeted revenue due primarily to the improved investment earnings, increased Penal fines, and the gain from sale of used equipment. State aid continues to be an inconsistent revenue category, funded below the constitutional mandate of \$1 per capita, and, unfortunately, further reduced even after the state's budget approvals due to the state's budgetary difficulties. Meeting rooms are closed and revenue is temporarily suspended until they reopen, it is expected, in March 2008.

Capital Assets and Long-term Debt Activity

At the end of the fiscal year, the Library had \$23,158,837 invested in land, building and improvements, furniture and equipment, books and materials, including media. The library added \$469,376 in new collection items, consisting of new books and various audiovisual materials. (This does not include subscriptions to electronic materials and services.) \$484,836 was spent to replace furniture and equipment, primarily furnishing new staff areas.

In accordance with the Library's Fixed Asset Disposal Policy, the items in both the materials collection which were still of some use, but not public library use, were donated to the Friends of the Library for their twice-monthly used book sales. Due to greatly reduced space prohibiting safe public sales and the constraints of the construction schedule, much of the library's furnishings and equipment, particularly shelving, has been liquidated, rather than offered for sale to residents or other libraries. Inquiries from library users and other libraries regarding the disposition of the equipment are directed to the liquidator. The value of deletions of materials from the collection amounted to \$262,723; the value of removed furnishings and equipment amounted to \$146,955.

The Library's long-term debt activity consists of a capped accumulated compensated employee absences (sick leave) to be paid to employees upon retirement (age 55, with eight full years of service).

Bloomfield Township Public Library

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In August 2004, Bloomfield Township voters approved the Library Improvements ballot proposal which created \$22,875,000 of bonded debt for the Charter Township of Bloomfield, in order to renovate and expand the 40-year-old library. The Township agreed to permit the Library management of the Construction Fund which was established immediately following the sale of the bond which occurred in November 2004. The Construction Fund's investment is managed by Gregory Schwartz and Company for the Library, and follows the Township's Investment policy.

Next Year's Anticipated Budget Factors

As the 2007-2008 fiscal year opens, the Library's renovation and expansion project occupies most of the site and is certainly foremost in the activities of the library in its service to the community. As construction materials costs should be stabilized through the bidding process, only unanticipated costs due to phasing requirements and unknown soil or building conditions will add unplanned impact on the General Fund and Construction Fund budgets. One other possible impact may be caused by the on-going litigation by a City of Bloomfield Hills resident brought against the Library to force the sale of nonresident cards, specifically to residents of the City of Bloomfield Hills. As of this writing, the Oakland County Circuit Court and the Michigan State Court of Appeals have both decided in favor of the Library. The Michigan State Supreme Court deemed the case worthy of their consideration; the case has now been heard; and we await the decision of that court. Significant legal costs have already been incurred with more planned for in the 2007-2008 General Fund budget.

The General Fund budget of 2007-2008 shows an increase of nearly 15% in Personnel costs over the prior year. This is due in large part to the continued climb in the cost of full-time employee insurances. There was also significant impact from our annual wage comparison in our mid-range classifications, particularly the Clerk positions. In this classification we compete against employers in all industries. Increased competitive pay scales at this level affected the personnel costs. Additional staff positions which are all at the lower end of our classifications also contribute to the increase.

The Library Services function category include an exciting increase—exciting in that it reflects the opening of the Adult Services area at the beginning of the 2007-2008 fiscal year, the opening of the Media area at the end of the fiscal year, and preparation for the opening of the Youth area in the first quarter of the next fiscal year, 2008-2009. In order to accommodate these openings and have time to process and make available new materials for the Youth Room, beyond the generous gift of the Friends of the Library in an Opening Day Collection, the Library Services budgets have increased.

Another dramatic increase can be found in the "Facility and Equipment" functional category which shoulders the cost of equipping the Technology Center, Technology Lab, and Adult Services public area at the beginning (May) of 2007-2008. This newly expanded area of the

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

Library will house nearly double the current number of public access computers and other technology for Local History, Business and Investment, and Teens.

Operating-type expenditures have continued to be assigned to the General Fund, rather than the Improvement & Revolving or Construction Funds in 2007-2008. In order to achieve this, however, the General Fund balance and the anticipated transfer-out to the Improvement & Revolving Fund will accommodate the exceptional expenditures for equipment in 2007-2008 in the Facilities and Equipment functional category.

In 2006-2007, the planned phasing schedule was again substantially reviewed and it was determined that a change in the order and amount of phasing would be required in order to maintain a safe and open library building, particularly during the dramatic reconstruction of the library's entrance. This has resulted in additional planned expenditures for phasing and moving in 2007-2008. These additional costs—expenses incurred to keep the library open throughout construction—have been allocated to the General Fund Other Operating Expenditures functional category, rather than the Construction Fund.

The Bloomfield Township Public Library continues to manage the invested bond funds with excellent returns. In order to retain all bond funds in the Township for this project, some consideration may be given to fully expending the Construction Fund within the three-year period from its investment date. If it is determined that this is the most financially sound approach to the management of the Township taxpayers' investment, expenditures will be reviewed even more carefully by the Board of Trustees and Library Administration with the result of some expenditures being made from the Construction Fund to address costs which were previously allocated to the General Fund. If warranted, these changes in the 2007-2008 budget will, in every instance, be carried out at the library's monthly public meetings held the third Tuesday of each month, except April's which is held the fourth Tuesday. Public notice of each meeting is posted in the library lobby, where the agenda is also available.

Reviewing the Financial Statements

The basic financial statements on pages 11-14 include information that presents two different views of the Library using the modified-accrual and full-accrual methods.

The first four columns of the financial statements include information of the Library's General Fund, Improvement and Revolving Fund, Gift Fund, and Construction Fund under the modified-accrual method. The modified-accrual basis focuses on current financial resources and provides a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the modified-accrual financial statements to the Library as a Whole financial statements under

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

the full-accrual method. The full-accrual basis focuses on long-term economic resources.

The Library as a Whole column provides both long-term and short-term information about the Library's overall financial status. The Library as a Whole Statement of Net Assets - full-accrual basis column and the Library as a Whole Statement of Activities - full-accrual basis column provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These columns tell how these services were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The condensed financial information section on page 10 shows data comparative with the prior year.

Bloomfield Township Public Library

Library Management's Discussion and Analysis Fiscal Year April 1, 2006 through March 31, 2007

Condensed Financial Information

The tables below show key financial information under the full-accrual method in a condensed format. Note: Amounts and totals reported are for all Library activities, including general operations, improvements, gift, and construction - to give a complete picture.

TABLE 1	March 31, 2007	March 31, 2006
Assets		
Current assets	\$ 17,582,287	\$ 26,354,508
Capital assets	<u>23,158,837</u>	<u>11,731,075</u>
Total assets	40,741,124	38,085,583
Liabilities		
Current liabilities	2,846,386	1,959,138
Other noncurrent liabilities	<u>321,533</u>	<u>283,973</u>
Total liabilities	<u>3,167,919</u>	<u>2,243,111</u>
Net Assets		
Investment in capital assets	23,158,837	11,731,075
Restricted for gifts	184,409	159,056
Restricted for construction	7,348,779	18,326,268
Unrestricted	<u>6,881,180</u>	<u>5,626,073</u>
Total net assets	<u>\$ 37,573,205</u>	<u>\$ 35,842,472</u>
TABLE 2	Year Ended March 31, 2007	Year Ended March 31, 2006
Revenue		
Property taxes	\$ 5,453,767	\$ 5,231,756
Construction funding	-	-
Other	<u>1,195,649</u>	<u>1,130,545</u>
Total revenue	6,649,416	6,362,301
Expenses	<u>4,918,683</u>	<u>4,588,100</u>
Changes in Net Assets	<u>\$ 1,730,733</u>	<u>\$ 1,774,201</u>

Bloomfield Township Public Library

	Individual Library Funds				
	General Fund	Improvement and Revolving Fund	Gift Fund	Construction Fund	Total - Modified Accrual Basis
Assets					
Cash and cash equivalents (Note 4)	\$ 5,614,538	\$ 675,035	\$ 103,800	\$ 1,965,509	\$ 8,358,882
Investments (Note 4)	-	1,632,763	145,247	6,769,010	8,547,020
Accounts receivable	200	-	-	1,193	1,393
Other assets	-	-	-	674,992	674,992
Due from other funds/Internal balances	-	692,218	-	-	692,218
Capital assets (Note 6):					
Nondepreciated	-	-	-	-	-
Depreciated	-	-	-	-	-
Total assets	\$ 5,614,738	\$ 3,000,016	\$ 249,047	\$ 9,410,704	\$ 18,274,505
Liabilities					
Accounts payable	\$ 150,998	\$ -	\$ 736	\$ 1,033,703	\$ 1,185,437
Due to Bloomfield Township	436,405	-	-	-	436,405
Retainage payable	-	-	-	1,028,222	1,028,222
Accrued and other liabilities	45,886	-	-	-	45,886
Compensated absences - Current portion	-	-	-	-	-
Due to other funds/Internal balances	692,218	-	-	-	692,218
Compensated absences - Net of current portion	-	-	-	-	-
Total liabilities	1,325,507	-	736	2,061,925	3,388,168
Fund Balances					
Reserved for restricted gifts	-	-	184,409	-	184,409
Reserved for construction	-	-	-	7,348,779	7,348,779
Unreserved - Undesignated	4,289,231	3,000,016	63,902	-	7,353,149
Total fund balances	4,289,231	3,000,016	248,311	7,348,779	14,886,337
Total liabilities and fund balances	\$ 5,614,738	\$ 3,000,016	\$ 249,047	\$ 9,410,704	\$ 18,274,505
Net Assets					
Invested in capital assets					
Restricted for gifts					
Restricted for construction					
Unrestricted					
Total net assets					

Individual Funds Balance Sheets/Statement of Net Assets
March 31, 2007

	Library as a Whole	
GASB No. 34 Adjustments (Note 2)	Statement of Net Assets - Full Accrual Basis	
\$ -	\$ 8,358,882	
-	8,547,020	
-	1,393	
-	674,992	
(692,218)	-	
16,702,862	16,702,862	
<u>6,455,975</u>	<u>6,455,975</u>	
22,466,619	40,741,124	
-	1,185,437	
-	436,405	
-	1,028,222	
-	45,886	
150,436	150,436	
(692,218)	-	
<u>321,533</u>	<u>321,533</u>	
(220,249)	3,167,919	
(184,409)	-	
(7,348,779)	-	
(7,353,149)	-	
<u>(14,886,337)</u>	<u>-</u>	
23,158,837	23,158,837	
184,409	184,409	
7,348,779	7,348,779	
<u>6,881,180</u>	<u>6,881,180</u>	
<u>\$ 37,573,205</u>	<u>\$ 37,573,205</u>	

Bloomfield Township Public Library

	Individual Library Funds				
	General Fund	Improvement and Revolving Fund	Gift Fund	Construction Fund	Total - Modified Accrual Basis
Revenue					
Tax levy	\$ 5,453,767	\$ -	\$ -	\$ -	\$ 5,453,767
Circulation revenue	90,293	-	-	-	90,293
State aid	32,669	-	-	-	32,669
Penal fines	67,298	-	-	-	67,298
Investment earnings (Note 4)	159,212	81,164	7,871	705,559	953,806
Charges for services	2,505	-	-	-	2,505
Gift income	-	-	44,909	-	44,909
Miscellaneous	4,169	-	-	-	4,169
Total revenue	5,809,913	81,164	52,780	705,559	6,649,416
Expenditures					
Personnel	3,094,214	-	-	-	3,094,214
Library services	706,035	-	19,147	-	725,182
Facilities and equipment	479,585	-	3,403	-	482,988
Other expenditures	291,307	3	8,379	11,683,048	11,982,737
Depreciation	-	-	-	-	-
Total expenditures	4,571,141	3	30,929	11,683,048	16,285,121
Excess of Revenue Over (Under) Expenditures	1,238,772	81,161	21,851	(10,977,489)	(9,635,705)
Other Financing Sources (Uses)					
Operating transfers in	-	692,218	-	-	692,218
Operating transfers out	(692,218)	-	-	-	(692,218)
Total other financing sources (uses)	(692,218)	692,218	-	-	-
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses/Change in Net Assets	546,554	773,379	21,851	(10,977,489)	(9,635,705)
Fund Balance/Net Assets - Beginning of year	3,742,677	2,226,637	226,460	18,326,268	24,522,042
Fund Balance/Net Assets - End of year	<u>\$ 4,289,231</u>	<u>\$ 3,000,016</u>	<u>\$ 248,311</u>	<u>\$ 7,348,779</u>	<u>\$ 14,886,337</u>

**Individual Funds Statements of Revenue, Expenditures, and Changes
in Fund Balance/Statement of Activities
Year Ended March 31, 2007**

GASB No. 34 Adjustments (Note 2)	Library as a Whole Statement of Activities - Full Accrual Basis
\$ -	\$ 5,453,767
-	90,293
-	32,669
-	67,298
-	953,806
-	2,505
-	44,909
-	4,169
-	6,649,416
61,324	3,155,538
(469,376)	255,806
(40,406)	442,582
(11,683,119)	299,618
765,139	765,139
(11,366,438)	4,918,683
11,366,438	1,730,733
(692,218)	-
692,218	-
-	-
11,366,438	1,730,733
11,320,430	35,842,472
\$ 22,686,868	\$ 37,573,205

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note I - Summary of Significant Accounting Policies

The accounting policies of Bloomfield Township Public Library (the "Library") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Library:

Reporting Entity

The Library, a component unit of the Charter Township of Bloomfield, is governed by an autonomous six-member board of trustees. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in the Library's financial report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's basic financial statements include both the Library as a Whole and its individual fund financial statements.

Library as a Whole Financial Statements

The Library as a Whole financial statements (i.e., the Statement of Net Assets and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities includes depreciation on long-term assets and eliminates capital outlay expense.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the Library-wide financial statements.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the Library-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Fund Financial Statements

The Library's individual fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting, which is described below.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences and claims and judgments are recorded only when payment is due. When an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to first apply restricted resources.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following major governmental funds:

General Fund - The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Improvement and Revolving Fund - The Improvement and Revolving Fund accounts for the accumulation of resources for needs as determined by the board.

Gift Fund - The Gift Fund accounts for gifts and donations given to the Library. The majority of these items are restricted for specific purposes by the donor.

Construction Fund - The Construction Fund accounts for the investment of bond proceeds as well as all expenditures relating to the Library Improvements Project.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments are recorded at fair value as of March 31, 2007, based on quoted market prices.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds."

Property Taxes - All trade and property tax receivables are shown as net of allowance for uncollectible amounts, if deemed necessary. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2006 taxable valuation of the property subject to the Library's millage totaled approximately \$3.7 billion, on which ad valorem taxes levied consisted of 1.4611 mills for the Library's operating purposes. The ad valorem taxes levied raised approximately \$5,454,000 for operations and are recognized in the General Fund financial statements as tax revenue.

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture and equipment, and library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings	60 years
Furniture and equipment	10 years
Library books and AV materials	8 years

Due to Charter Township of Bloomfield - Charter Township of Bloomfield processes payroll and retirement benefits for the Library. Due to Charter Township of Bloomfield represents the required transfer of funds to the Township for payment of the Library's March payroll as well as the Library's retirement contribution for the year, which totaled \$136,154.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the Library-wide financial statements. A liability for these amounts is reported in governmental funds only for eligible employee terminations as of year end.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Reconciliation of the Library as a Whole and the Individual Fund Financial Statements

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a Whole reported in the Statement of Net Assets and Statement of Activities. This difference results primarily from the long-term economic focus of the Statement of Net Assets and Statement of Activities versus the current focus of the statement of the individual Funds Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 2 - Reconciliation of the Library as a Whole and the Individual Fund Financial Statements (Continued)

Total Fund Balance - Modified Accrual Basis \$ 14,886,337

Amounts reported in the Statement of Net

Assets are different because:

Capital assets are not financial resources
and are not reported in the funds 23,158,837

Compensated absences are included
as a liability:

Current portion	\$ (150,436)	
Long-term portion	(321,533)	(471,969)

Total Net Assets - Full Accrual Basis \$ 37,573,205

**Excess of Revenue and Other Financing Sources Over
(Under) Expenditures and Other Uses/Change in
Net Assets - Modified Accrual Basis** \$ (9,635,705)

Amounts reported in the Statement of Activities are
different because:

Governmental funds report capital outlays as
expenditures in the Statement of Activities; these
costs are allocated over their estimated useful lives
as depreciation:

Library books and audiovisual materials	469,376
Capital outlay	11,723,525
Depreciation	(765,139)

Increase in the accrual for long-term compensated
absences reported as an expenditure in the
Statement of Activities but not in the fund
financial statements (61,324)

**Excess of Revenue and Other Financing Sources Over
(Under) Expenditures and Other Uses/Change in
Net Assets - Full Accrual Basis** \$ 1,730,733

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 3 - Budget Information

The annual budget is prepared and adopted by the Library board and subsequent amendments are approved by the Library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2007 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that operating transfers have been budgeted in the revenue and expenditures rather than as other financing sources and uses. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on a functional basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund and major Special Revenue Funds can be found in the required supplemental information section.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, there were no expenditures in excess of the amounts budgeted, except for operating transfers from the General Fund to the Improvement and Revolving Fund. The Library board made this discretionary transfer using savings from other budgeted categories. Following the transfer out, net revenues over expenditures of the General Fund match the budgeted amount.

Note 4 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated seven banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Library's deposits and investment policies are in accordance with statutory authority.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 4 - Deposits and Investments (Continued)

The Library's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library had \$6,713,234 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Library believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Library's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. agency securities	\$ 5,298,170	4 days
U.S. Treasury securities	1,375,979	51 days
Money market	1,966,637	52 days

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Money market	\$ 2,734,871	A-1	Moody's
U.S. agency securities	5,298,170	AAA	S&P

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 4 - Deposits and Investments (Continued)

Unrealized gain on investments is summarized as follows:

	Original Cost/ Donated Value	Fair Value	Unrealized Gain
U.S. government securities	\$ 8,466,211	\$ 8,640,786	<u>\$ 174,575</u>

Investment earnings resulted from the following:

Unrealized gain on investments - Beginning of year	\$ 16,203
Unrealized gain on investments - End of year	<u>174,575</u>
Current year change in market value	158,372
Other investment income - Interest, dividends, and realized gains	<u>795,434</u>
Total investment earnings	<u>\$ 953,806</u>

Note 5 - Assets Held at Community Foundation

There are four endowment funds that are administered by the Community Foundation for Southeastern Michigan (CFSEM) for the benefit of the Library. The CFSEM is a public charity that is funded through donations by a large number of contributors. Although the Library does not control the funds at the CFSEM, by agreement, the purpose of the funds is to provide support and furtherance of specific programs and activities of the Bloomfield Township Public Library. Accordingly, the Library has not recorded these funds in this financial report. Revenue is recorded when distributions are received from the CFSEM.

Two of the funds, the Bloomfield Township Public Library Endowment Fund and the Yvonne Y. Atkinson Fund, were established by the Library.

Two additional endowment funds have named Bloomfield Township Public Library as the recipient. These funds are the Lawrence Smith and Isabel Francis Smith Challenge Grant Fund and the Jeanette P. Myers Memorial Scholarship Fund.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 5 - Assets Held at Community Foundation (Continued)

A summary of changes in assets held at CFSEM is as follows:

	Bloomfield Township Public Library Endowment Fund	Yvonne Y. Atkinson Fund	Lawrence Smith and Isabel Francis Smith Challenge Grant Fund	Jeanette P. Myers Memorial Scholarship Fund	Total
Balance - January 1, 2006	\$ 23,330	\$ 27,243	\$ 29,190	\$ 13,149	\$ 92,912
Contributions	400	-	-	-	400
Distributions	(1,038)	(1,242)	(1,304)	(618)	(4,202)
Investment earnings	3,283	3,832	4,108	1,827	13,050
Balance - December 31, 2006	<u>\$ 25,975</u>	<u>\$ 29,833</u>	<u>\$ 31,994</u>	<u>\$ 14,358</u>	<u>\$ 102,160</u>

Note 6 - Capital Assets

Capital asset activity of the Library was as follows:

	Balance April 1, 2006	Additions	Disposals and Adjustments	Balance March 31, 2007
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Construction in process	5,333,158	11,238,689	-	16,571,847
Subtotal	5,464,173	11,238,689	-	16,702,862
Capital assets being depreciated:				
Building	5,483,520	-	-	5,483,520
Furniture and equipment	2,244,736	484,836	(146,955)	2,582,617
Library books and audiovisual materials	3,079,953	469,376	(262,723)	3,286,606
Subtotal	10,808,209	954,212	(409,678)	11,352,743
Less accumulated depreciation:				
Building	(1,993,047)	(91,392)	-	(2,084,439)
Furniture and equipment	(1,305,389)	(243,772)	146,955	(1,402,206)
Library books and audiovisual materials	(1,242,871)	(429,975)	262,723	(1,410,123)
Subtotal	(4,541,307)	(765,139)	409,678	(4,896,768)
Net capital assets being depreciated	6,266,902	189,073	-	6,455,975
Net capital assets	<u>\$ 11,731,075</u>	<u>\$ 11,427,762</u>	<u>\$ -</u>	<u>\$ 23,158,837</u>

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 6 - Capital Assets (Continued)

Capital assets, including library books, are recorded at cost. Depreciation expense was \$765,139 for the year ended March 31, 2007.

Construction Commitments - The Library is undergoing a complete renovation and constructing a major structural addition (the "Library Improvements Project") through 2008. The process is in the construction phase as of March 31, 2007.

The Library Improvements Project is being funded with the proceeds from bonds issued by the Charter Township of Bloomfield totaling \$22,875,000. The Charter Township of Bloomfield is responsible for the debt service related to these bonds, which will be paid for by a separate property tax levy.

At year end, the Library's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Architectural and engineering	\$ 1,603,406	\$ 176,754
Construction management	12,690,686	4,287,129
Furniture, fixtures, and equipment	658,501	804,090
Interior design	341,501	29,909
Owner's representative	211,888	38,112
Total	<u>\$ 15,505,982</u>	<u>\$ 5,335,994</u>

Note 7 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library participates with the Charter Township of Bloomfield in its risk management program to cover these risks.

Note 8 - Pension Plan

Plan Description - Qualified, full-time employees of Bloomfield Township Public Library are covered by the Township of Bloomfield Retirement Income Plan (the "Plan"), which is a cost-sharing single employer defined benefit pension plan covering all the governmental units of the Charter Township of Bloomfield (the "Township"). The Plan provides retirement benefits for employees attaining age 50 with full vesting. The Plan issues a publicly available report that is included in the basic financial statements of the Township. That report may be obtained by writing to the Charter Township of Bloomfield, 4200 Telegraph Road, Bloomfield Hills, Michigan 48302.

Bloomfield Township Public Library

Notes to Financial Statements March 31, 2007

Note 8 - Pension Plan (Continued)

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by a resolution of the Library's board of directors and requires a contribution from the employees of 5 percent of gross wages. The Township is required to contribute at actuarially required rates; the current rate is 25.67 percent of covered payroll. The Township's contributions to the Plan for the years ended March 31, 2006, 2005, and 2004 were \$4,005,320, \$3,830,704, and \$3,381,768, respectively, and were equal to the actuarially required contributions for each year.

Note 9 - Postemployment Benefits

Qualified, retired employees of Bloomfield Township Public Library are also provided health and life insurance benefits through the Charter Township of Bloomfield. The Township finances the plan on a pay-as-you-go basis. There are 10 retired Library employees included in the plan, which amounted to \$67,414 of expenditures by the Library during the year ended March 31, 2007.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the Library as a whole to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

Required Supplemental Information

Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
Revenue				
Tax levy	\$ 5,389,444	\$ 5,454,117	\$ 5,453,767	\$ (350)
Penal fines	53,647	67,298	67,298	-
State aid	40,862	32,669	32,669	-
Circulation revenue	75,069	90,366	90,293	(73)
Charges for services	1,000	2,624	2,505	(119)
Investment earnings	78,540	143,138	159,212	16,074
Miscellaneous	500	4,169	4,169	-
Total revenue	5,639,062	5,794,381	5,809,913	15,532
Expenditures				
Personnel	3,311,047	3,256,661	3,094,214	162,447
Library services	828,018	791,417	706,035	85,382
Facilities and equipment	1,156,912	603,174	479,585	123,589
Other operating expenditures	411,792	596,575	291,307	305,268
Transfer out	-	-	692,218	(692,218)
Total expenditures	5,707,769	5,247,827	5,263,359	(15,532)
Excess of Revenue Over (Under)				
Expenditures	(68,707)	546,554	546,554	-
Fund Balance - Beginning of year	3,742,677	3,742,677	3,742,677	-
Fund Balance - End of year	<u>\$ 3,673,970</u>	<u>\$ 4,289,231</u>	<u>\$ 4,289,231</u>	<u>\$ -</u>

Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement - Major Special Revenue Fund Improvement and Revolving Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Favorable Variance with Amended Budget
Revenue				
Interest	\$ 50,330	\$ 67,123	\$ 81,164	\$ 14,041
Transfers in	<u>-</u>	<u>238,784</u>	<u>692,218</u>	<u>453,434</u>
Total revenue	50,330	305,907	773,382	467,475
Expenditures - Other	<u>8,703</u>	<u>3</u>	<u>3</u>	<u>-</u>
Excess of Revenue Over Expenditures	41,627	305,904	773,379	467,475
Fund Balance - Beginning of year	<u>1,677,652</u>	<u>2,226,637</u>	<u>2,226,637</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,719,279</u>	<u>\$ 2,532,541</u>	<u>\$ 3,000,016</u>	<u>\$ 467,475</u>

Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement - Major Special Revenue Fund Gift Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Favorable Variance with Amended Budget
Revenues				
Gift income	\$ 500	\$ 44,619	\$ 44,909	\$ 290
Investment earnings	6,270	7,854	7,871	17
Total revenues	6,770	52,473	52,780	307
Expenditures				
Library services	22,666	19,150	19,147	3
Facilities and equipment	16,982	3,404	3,403	1
Other operating expenditures	197,983	8,379	8,379	-
Total expenditures	237,631	30,933	30,929	4
Excess of Revenue Over (Under)				
Expenditures	(230,861)	21,540	21,851	311
Fund Balance - Beginning of year	230,861	226,460	226,460	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 248,000</u>	<u>\$ 248,311</u>	<u>\$ 311</u>



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June 14, 2007

To the Finance Committee of
the Board of Trustees
Bloomfield Township Public Library
1099 Lone Pine Road
Bloomfield Hills, MI 48302-2410

Dear Committee Members:

We recently completed our audit of the basic financial statements of Bloomfield Township Public Library for the year ended March 31, 2007. As a result of our audit, we have the following comments and recommendations for your review and consideration.

- During last year's audit, we made a recommendation to the Library to revise the investment policy. This was successfully implemented.
- Although it was not included in the management letter, in our discussions last year, we noted that there were differences of opinion regarding the interpretation of the investment act for local units of government. Subsequent to the issuance of the audit, we were able to obtain clarification of the items and shared that with the Director and your investment advisor. This should help the Library and its advisor to ensure that future investments comply with Act 20 of 1943 as amended.

New Audit Standards

New auditing rules effective December 31, 2006 have resulted in some changes in the communications that we are required to provide following our audit. These rules require us to more formally communicate matters we note about your accounting procedures and internal controls. While we have always provided our observations in these areas as part of our audit, we are now required to tell you about more items than we may have in the past and to communicate them in writing.

The new auditing standard (Statement on Auditing Standards No. 112, referred to as SAS 112) requires us to inform you about any matters noted in your accounting procedures or internal controls that the new auditing standards define as a "significant deficiency" or "material weakness." The new threshold for a "significant deficiency" is a low one - a significant deficiency is any flaw that creates more than a remote risk of errors in your financial statements that could matter to a user of the statements. Matters that may be immaterial to the financial statements still may be classified by the new auditing standards as a significant deficiency.

We are also required to communicate these matters to more people. In the past, we have sometimes provided comments of this nature as part of a draft meeting with management. Only material internal control issues have been included in our letter. Under these new rules, we are obligated to communicate these matters in writing to all individuals involved in overseeing strategic direction and accountability for your operations, including the Library Board members, in addition to our communications with management. This communication is intended to comply with the requirements of the new auditing standards.

In planning and performing our audit of the financial statements of Bloomfield Township Public Library as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. During the audit, we did not note any significant deficiency or combination of significant deficiencies that we consider to be a material weakness.

A second new standard was also implemented as of December 31, 2006. Statement on Auditing Standards No. 103, *Audit Documentation* (referred to as SAS 103), required many changes to our audit workpapers, most of which would not be apparent to the Library. The one significant change resulting from SAS 103 that the Library would notice is the change to the date of the auditor's opinion letter and this management letter. Historically, these letters have been dated as of the end of our audit fieldwork. By implementing SAS 103, the date is extended to the point in time when the Library's management has asserted its responsibility for the financial statements. We consider this point in time to be the date of the audit draft meeting.

Upcoming Auditing Standards

Effective December 31, 2007, in time for next year's audit, the Library will be required to implement several additional audit standards. These standards will require the auditors to perform significant additional procedures related to the Library's internal controls. This is an excellent opportunity to review the controls that are in place at the Library and create internal documentation regarding the design of the internal control environment. As always, Plante & Moran, PLLC is available to assist you in implementing the new standards.

We would like to thank Karen Kotulis-Carter and Beth Sulek-LaHousse, as well as all of the Library's personnel, for their assistance during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, reading "Leslie J. Pulver". The signature is written in a cursive style with a large, stylized "L" and "P".

Leslie J. Pulver

A handwritten signature in black ink, reading "Brian J. Camiller". The signature is written in a cursive style with a large, stylized "B" and "C".

Brian J. Camiller